

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
July 14, 2005
Grandover Resort and Conference Center
Greensboro, NC

MEMBERS ATTENDING: Leonard W. Jones, CPA, President; Arthur M. Winstead, Jr., CPA, Vice President; Jordan C. Harris, Jr., Secretary-Treasurer; Tyrone Y. Cox, CPA; Thurman L. Gause; and Michael C. Jordan, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; J. Michael Barham, CPA, Deputy Director; and Jack Nichols, Legal Counsel.

GUESTS: James T. Ahler, Executive Director, NCACPA; Sharon Bryson, Deputy Director, NCACPA; Tom Chenoweth, CPA, Highland Publishing Company; Curt Lee, Past President, NCSA; Stephen Metelits, Vice President, NCSA; Ronald D. Powell, Secretary, NCSA; and Lillian G. Young, CPA.

CALL TO ORDER: President Jones called the meeting to order at 10:00 a.m.

MINUTES: The minutes of the June 21, 2005, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The financial statements for June 2005 were accepted as submitted.

Messrs. Jordan and Winstead moved to approve the State subsistence travel meal rate without receipts as follows: breakfast – in-state/out-of-state, \$7.00; lunch – in-state/out-of-state, \$9.25; and dinner – in-state \$15.75/out-of-state, \$17.75. Motion passed.

LEGISLATIVE AND RULE-MAKING ITEMS: Messrs. Winstead and Harris moved to approved the following rules to be submitted to the Office of Administrative Hearings for a September 19, 2005, rule-making hearing: 21 NCAC 8A .0301, .0308, .0311, 8F .0103, .0105, .0106, .0107, .0110, .0112, .0304, .0401, .0409, .0410, 8G .0410, 8H .0101, .0105, 8M .0105, .0106, 8N .0103, .0204, .0208, .0213, .0214, .0302, .0303, .0304, .0305, .0307, .0308, .0401, and .0408. Motion passed.

NATIONAL ORGANIZATION ITEMS: The Board reviewed and discussed the June 28, 2005, letter from NASBA explaining the proposal to implement candidate fee increases for the Uniform CPA Examination. The Board instructed the Executive Director to respond to the letter on two points: 1) What is the status of the audit of the financial information of the AICPA and NASBA regarding the proposed fee increases? and 2) When did the NASBA Board of Directors vote to pay the Prometric seat fee increase of 61¢/per hour beginning in April of 2006?

STATE AND LOCAL ORGANIZATION ITEMS: The Executive Staff presented a draft interpretive statement to the Board. The Board asked that the Executive Staff rework the document and present the revised statement at the August 22, 2005, Board meeting.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Winstead moved and the Board approved the following recommendations of the Committee:

200502-023 - Tracie Wright Cox - Approve the signed Consent Order (Appendix I).

Messrs. Harris and Cox moved to approve the Consent Order with McArthur Douglas Mitchell, Case No. 200410-042. Motion passed with six (6) affirmative and zero (0) negative votes (Appendix II).

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE: Mr. Gause moved and the Board approved the following recommendations of the Committee:

Transfer of Grades Applications - The following were approved:

Maura Simone Albano
Tatiana Gribanova

James Everett Watson

Original Certificate Applications - The following were approved:

Maura Simone Albano
Karen Nadine Ansine
Holly Jean Barr
Robert Alan Bennett
Virginia Johansen Blount
Staci Suzanne Brown
Patricia Duncan Cheek
Mary Murray Croom
Niamh Ashling Crotty
Misty Matthews Dufur
Michael William Joseph Edwards
Jennifer B. Efird
Lauren Hastings Elmore
John Michael Gay
Tatiana Gribanova
Lei Gu
Nancy A. Hill
Sarah Katherine Hroza
Gregory Edward Husted

Arthur George Jaeger
Kathleen Salmon Johnson
Crystal Marie Jordening
Jun Han Lee
Kerri G. McNeill
Michele Dawn Meckfessel
Jennifer Rae Mitchell
Frans Renee Moorrees
Daniel William Oxenham
Booth Stevenson Parker
Jonathan Ashley Perkinson
Bailey Augusta Jones Pham
Timothy Paul Pivovarnik
Scott M. Taylor
James Everett Watson
Christopher Wayne West
Leslie Susannah White
Justin Dwight Willoughby
Emily Elizabeth York

Reciprocal Certificate Applications - The following were approved:

Jesse James Bachman
Meredith L. Banks
Shannon Patricia Bogan
Matthew Shaun Burwick
Albert H. Cornell Jr.
Zachary Thomas Donahue
Gregg Draeger
Charles Devin Dupree
William L. Ginna Jr.
Carolyn D. Goodwin
Douglas Albert Haddock
Judith Anne Hunt
Leigh Ann Johnson
Dickson Geoffrey Kabugu
Timothy Jay Koch
Danica Lynn Little

Lisa Ann Madden
Perry Kelvin Mardis
Carl A. Margenau
Margaret Lou Meaher
Dennis William Meyer
Erica Lynn Mezi
Mia M. Morris-Morgan
Katherine Duncan Schottmiller
Richard Anthony Schreiber
William Anthony Sofsky
Keith Richard Sorensen
Kathryn Leigh Stone
Stephanie J. Suggs
Camillo T. Tramontana
Jon Wierda
Mindy L. Zimmerman

Temporary Permits - The following temporary permits were approved by the Executive Director and ratified by the Board:

Michael G. Hart T03285
Denise Lynette Koch T03286
Gordon A. Lewis T03287
Robert Lewis Sanders Jr. T03288
Stewart Leslie Appelrouth T03289

Michael Jonas Gilreath T03290
Mary Jane K. Jankowski T03291
Ericka Faye Kranitz T03292
Roger A. Mobley T03293
Melissa Ann Morauer T03294

Reinstatements - The following were approved:

Fred S. Breeden #11602
Kimberly Fitts Clarizio #21259
Kimberly Pochowicz Day #23909
Heather Blackwood Faucette #25810
Sheldon M. Fox #14572

Natacha Herlant Honeycutt #18162
Elizabeth Caroline Huber #29018
Richard Alexander Lancaster #17303
Susan Gregg Shepard #8801
John Bernard Thigpen #11752

Reissuance of New Certificate - Applications for reissuance of new certificate and consent agreements submitted by the individuals listed below were approved.

Kerri Lynn Pierce #21926
Charles Patrick Warren Jr. #15232

Edward Ray Williams #15148

Firm Registrations - The following professional corporations, professional limited liability companies, and limited liability partnerships were approved by the Executive Director and ratified by the Board:

LESTER E. BULLOCK, CPA, PA
THOMAS HANSEN, CPA, PLLC
Moss & Associates, PC

Switzer, McGaughey & Company, PC
TolandHansley & Company, P.A.

Reclassifications - The Committee approved the following requests for retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

William E. Brinkley Jr. #2911
Ulysses R. Grisette Jr. #20275
Alexandra Ong #12642

Ronald D. Vaughn #14038
Richard E. Ziegler #2489

CPE Matters

The Committee reviewed and approved an ethics course from Western CPE.

The Committee reviewed a request submitted by Craig L. Foster CPA. Mr. Foster wanted approval of self-directed CPE (independent study). The Committee disapproved his request because the Board's CPE rules do not provide for self-directed CPE.

Extension Requests - The Committee approved Susan Bridges Honbarger (#18101) for extension for completion of CPE until June 30, 2005.

The following extension requests were disapproved:

Mark J. Rhyne #21128
Barrie Little Wiggins #16947

Examinations - The Committee reviewed and approved the following staff approved applicants to sit for the Uniform CPA Examination:

Tonia Monique Abbott
Andrea Alyse Abramowski
Alexander Steven Arndt
Jeffery Bruce Baker
Robert Louis Ball Jr
Jenny Ballesteros
Mark Stanley Batchek
Donnie Lee Berry
Michelle Marie Bettin
Lisa Chastain Billingsley

Elizabeth Peel Bolick
Christiana Judith Bondi
Robert Edward Booth
Jennifer Meredith Bragg
Nadine Dolores Branch
Jody Hayes Bridgers
Natalie Huffman Brown
Dawn Knox Brunet
James H. Bryant III
Jason Mitchell Burgin

Robert Melvin Callahan
Susan Wrenn Callahan
Jeffrey Gene Campbell
Robin Nixon Carver
Dora Christina Clay
Rebecca Jane Cole
Julia Patrice Collins
Martin James Conley III
Richard Cooney
Raymond James Crane
Skipp Crawford Crider
Ian Oluwatoyin Davies
Rebecca Ann Dobbs
Jason Burton Edwards
Bradford Allen Eggleston
Laronda Bernetta Farland
Tonya Renee Farley
Caroline Elizabeth Finch
Kristopher Louis Finsel
Sarah Elizabeth Foster
Patrick Burke Fraley
Tamir Ganbat
Sherri Phipps Garner
Amanda Jane Gidley
Micaela Kathleen Glenn
Sarah Rose Gravel
Heather Marie Guenther
Jerry Lee Hanes Jr
Lindsay Austin Harrell
Christine Elizabeth Harris
Mark Steven Hart
Kelsey Nicole Hendry
Thomas Alan Henrikson Jr
Jacquelyn Noel Hewett
Laura Adams Honeycutt
Tina Renee Honeycutt
Katherine Leigh Hoskins
William James Houser
Thomas Joseph Hughes Jr
Matthew Clark Huneycutt
Lisa Renee Isenhour
Tasheem Gilbert Jackson
Lori Cline Johnson
Blessy Joseph
Tia Lawrence Keith

Philip Charles King
Jennifer Nicole Kinlaw
Bradley Alan Kucharo
Jerri Reep Lackey
Erin Marie Lagor
Jane McNeill Lanier
Penny Sumner Lanier
Nichole West Lapointe
Anna Virginia Lavelle
David Leon Lentz
Kathleen Dianne Leopard
Jennifer Wan Leung
Amanda Leigh Wilson Lyda
Robert Richard Lyon
Wesley Henry McLeod
Misty Dawn McNeely
Jonathan Alan McSwain
Jennifer Lyn Meeks
Tricia A. Menichini
Erica Lynn Messenheimer
Robert Patrick Messing
Dain Alexander Mickalites
Kelley Elaine Miltier
Mary Rachel Moore
Eunice Emanuel Murray
Emily E. New
William Murray Owens
Jagruti H. Patel
Nichole Middleton Pennell
Erin Elizabeth Perry
Adrian George Pharo
Jimi Hill Pope
Brandi Lynne Privette
Daniel Anderson Puryear
Gwendolyn McMillian Reilly
Benjamin Joseph Remke
Rance Michael Rhodes II
Amy Annette Rydzy
Terese Ann Sayers
Amber Dacken Sheeler
Charles David Shell
Faye Louise Shisslak
Tameeka Monique Shorter
Jill Rebecca Sizemore
Amy Kane Slusher

Logan Taylor Slusher
Darrin Lamont Spears
Amy Beth Sullivan
Kara Lyn Summers
Christopher James Surratt
Pieter Johannes Swanepoel
David Jacob Townsend
Polly Elaine Trink
Holly Kristine Trotter

Marjorie M. Tyler
Ann-Marie Vincoli
Todd English Wade
Jada Caroline Watkins
Jessica Marie Watson
Sheryl Naihe Williams
Yen-Chan Wu
Xia Yu
Guido Mauricio de Chazal

The Committee determined and accepted the grades received for the April-June 2005 exams.

EXECUTIVE STAFF AND LEGAL COUNSEL REPORT: Lillian G. Young, CPA, spoke to the Board regarding the Board's process for opening a case, investigating the matter, corresponding with the CPA, and concluding the case. The Board suggested that the Executive Staff prepare an article on the case process for publication in the *Activity Review*.

ADJOURNMENT: Messrs. Gause and Cox moved to adjourn the meeting at 12:40 p.m. Motion passed.

Respectfully submitted:

Attested to by:



Robert N. Brooks
Executive Director



Leonard W. Jones, CPA
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200502-023

IN THE MATTER OF:
Tracie Wright Cox, #25561
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 25561 as a Certified Public Accountant.
2. Respondent, as an employee of H & R Block, prepared a compiled financial statement for one of H&R Block's business customers. H & R Block is not now and never has been authorized by the Board to engage in the public practice of accountancy as a "CPA firm."
3. In February of 2005, Respondent, upon the request of her employer and on behalf of the H&R Block business customer, issued the compiled financial statement to the South Carolina Department of Labor, Licensing and Regulation and signed the report on said compiled financial statement using the title "CPA."
4. In compiling the financial statement and issuing a report on said compiled financial statement, Respondent failed to comply with Statements on Standards for Accounting and Review Services (SSARS) as follows:
 - a. The report referred to the statements compiled as "statements of assets, liabilities and stockholders' equity" and statements of revenues and expenses when in fact the "statements" actually compiled were comprised of only one balance sheet and one income statement.

- b. The report stated that the statements were compiled for the H&R Block business customer when, in fact, the balance sheet included in the compilation was a combined statement for the H&R Block business customer and one of the business customer's owners.
 - c. The report did not state the period of time covered by the income statement.
 - d. The report was not prepared by a CPA firm, nor issued on a CPA firm's letterhead, nor signed by a CPA firm. The report was issued on H&R Block's letterhead, a non-CPA firm, and signed by Respondent as "H&R Block, Tracie W. Cox, CPA."
 - e. Tools and equipment, which should have been disclosed under property and equipment at depreciated values, were disclosed as other assets.
 - f. Vehicles, which should have been disclosed under property and equipment at depreciated values, were disclosed as other assets.
 - g. The current portion of long-term liabilities was not disclosed as current liabilities.
- 5. The report and compiled statement was issued to a third party whom Respondent knew or should have known would rely upon it.
 - 6. Respondent failed to register with the Board as a CPA firm, failed to enroll in a peer review program, and failed to inform the Board that she was offering and rendering attest services to clients.
 - 7. Respondent represents that she did not intentionally or willfully violate the accountancy laws and rules, that she informed the client and third party recipient that she was withdrawing from the engagement on the date she learned she could not provide the attest services as an employee of H&R Block, and that she is no longer an employee of H&R Block.
 - 8. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9)e, 93-4, 93-5, and 93-8, and 21 NCAC 8J .0108, 8M .0105 (a), 8N .0103, 8N .0302, 8N .0401, 8N .0404, and 8N .0212.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's certificate is suspended for thirty (30) days; however, said suspension is stayed.
2. Respondent shall disclose the stayed suspension of her license whenever asked if she has ever had a license suspended or revoked.
3. Respondent is censured.
4. Within one hundred eighty (180) days of the date this Order is approved by the Board, Respondent must again complete and provide verification of her completion of the Ethics Principles and Professional Responsibilities course as offered by the North Carolina Association of Certified Public Accountants. Said course may not be used to meet Respondent's annual forty (40) hour continuing professional education requirement. If Respondent fails to fulfill this education requirement, the Board may proceed against Respondent for failure to complete said requirement.
5. Respondent shall not offer or render attest services as a CPA to the public through any business form other than as a CPA firm.
6. If, in the future, Respondent offers to perform or performs any attest services for the public, Respondent shall immediately register as a North Carolina CPA firm.
7. If, in the future, Respondent offers to perform or performs any attest services for the public, Respondent shall immediately enroll in a peer review program.

Consent Order - 4
Tracie Wright Cox

8. If the Respondent fails to complete the requirement as specified in paragraph #4 of this Order, Respondent's license shall be suspended for at least thirty (30) days and until such time as said requirement has been completed.

CONSENTED TO THIS THE 21st DAY OF June, 2005.

Tracie Wright Cox, CPA
Respondent

APPROVED BY THE BOARD THIS THE 14th DAY OF July, 2005.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BOARD
SEAL

BY: Lemuel [Signature]
President

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: 200410-042

IN THE MATTER OF:
McArthur Douglas Mitchell, #14641
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent was the holder of North Carolina certificate number 14641 as a Certified Public Accountant.
2. In a September 2004 Bill of Information before the United States District Court for the Western District of North Carolina, Charlotte Division, the United States Attorney charged Respondent and others with violations of Title 18, United States Code, Section 1343 (wire fraud).
3. In September of 2004, Respondent entered "a voluntary plea of guilty to Count One as set forth in the Bill of Information, and admits to being in fact guilty as charged in that Count." As a part of his Plea Agreement, Respondent agreed to surrender his license to practice law and not seek readmission to the State Bar until the completion of his supervised release term, and agreed to notify the CPA Board of his plea and not to seek the reinstatement of his CPA certificate until the completion of his supervised release term.
4. In a letter dated October 7, 2004, Respondent informed the Board of his plea and stated that he wished to surrender his North Carolina CPA certificate.
5. Despite several attempts by Board staff to obtain additional information from both Respondent and his legal representative, no additional information has, to date, been provided to the Board by Respondent or by anyone acting on his behalf regarding his plea.
6. On March 31, 2005, Respondent, upon acceptance of his guilty plea, was adjudged guilty and convicted of the felony of wire fraud, and was sentenced to thirteen (13) months in prison, was placed on three (3) years of supervised release, was assessed \$100.00, and was ordered to pay \$237,809 in restitution.

Consent Order - 2
McArthur Douglas Mitchell

7. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12 (9) a, b, d, and e, and 21 NCGS 8N .0201, .0202, .0203, .0204, .0206, and 0208 (a),.

BASED on the foregoing and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent, McArthur Douglas Mitchell, is hereby permanently revoked.

CONSENTED TO THIS THE 8th DAY OF July, 2005.

McArthur D. Mitchell
Respondent

APPROVED BY THE BOARD THIS THE 14th DAY OF July, 2005.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS

BOARD
SEAL

BY: Lemuel J. Smith
President